ORIGINAL

ORIGINAL

LAW OFFICES
KOTEEN & NAFTALIN, L.L.P.
1150 CONNECTICUT AVENUE
WASHINGTON, D.C. 20036-4104

TELEPHONE
(202) 467-5700
TELECOPY
(202) 467-5915

BERNARD KOTEEN*
ALAN Y. NAFTALIN
ARTHUR B. GOODKIND
GEORGE Y. WHEELER
MARGOT SMILEY HUMPHREY
PETER M. CONNOLLY
CHARLES R. NAFTALIN
*SENIOR COUNSEL

EX PARTE OR LATE FILED

December 22, 1999

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S. W.
TW-A325
Washington, DC 20554

Re: WT Docket No. 99-168

Dear Ms. Salas:

Transmitted herewith, on behalf of Telephone and Data Systems, Inc., on behalf of its subsidiaries, TDS Telecommunications Corporation and United States Cellular Corporation, are an original and four copies of the attached written *ex parte* presentation, pursuant to Section 1.1206(a) of the Federal Communications Commission's rules, in the above-captioned proceeding.

There is also a 3.5 inch diskette being submitted in accordance with the Commission's Notice of Proposed Rulemaking, FCC 99-168.

In the event there are any comments or questions concerning this matter, please direct them to the undersigned.

Very truly yours,

George Y. Wheeler

cc(w/encl. by hand delivery):

Ari Fitzgerald	James Schlicting	Stanley Wiggins
Mark Schneider	Diane Cornell	Thomas Stanley
Peter Tenhula	Dale Hatfield	Julius Knapp
Brian Tramont	Robert Pepper	Michael Wilhelm
Adam Krinsky	Kathleen O'Brien Ham	
Thomas Sugrue	Gary Michaels	

ORIGINAL

Corporate Office
30 North LaSalle Street
Suite 4000
Chicago, Illinois 60602-2507
Office: 312-630-1900
FAX: 312-630-1908
312-630-9299

Telephone and Data Systems, Inc.

Excellence in Communications Services

December 22, 1999

By Hand Delivery

Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Michael K. Powell
Commissioner Gloria Tristani
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

In re: WT Docket No. 99-168

Dear Chairman and Commissioners:

Telephone and Data Systems, Inc. ("TDS"), on behalf of its subsidiaries, TDS Telecommunications Corporation ("TDS Telecom")[1] and United States Cellular Corporation ("USCC"),[2] requests that the Commission adopt the Major Economic Area ("MEA") service area definition for at least half of the possible commercial channel blocks in the non-guard band portions of the 746-764 MHZ and 776-794 MHZ bands[3] and that it refrain from assigning all of this spectrum on a Regional Economic Area ("REA") basis. Adoption of service areas no larger than MEAs in at least some portion of the 746-764 MHZ and 776-794 MHZ bands is essential to foster realistic opportunities for early deployment of innovative and advanced technologies in rural areas.

---

[1] TDS Telecom provides wireline telephone service primarily in rural and suburban areas with more than 570,000 access lines served by its 104 telephone companies in twenty-eight states. A map depicting its service areas, which is excerpted from the 1998 TDS Annual Report, is attached. (Attachment A).

[2] USCC provides cellular telephone service to approximately two million customers through 136 majority-owned and managed cellular systems serving primarily rural and suburban areas. A map depicting these services areas, also excerpted from the 1998 TDS Annual Report, is attached. (Attachment B).

[3] For example, one block at a minimum and two if three such blocks are adopted.

We are convinced that if all allocations are on an REA basis, the only bidders would be the largest companies in the country, who are committed to serving the largest and most densely populated areas of the country, and not the smaller markets and rural service areas.

The statutory mandates for the Commission to consider service areas no larger than MEAs as proposed are found in Section 309(j)(3)(A-B) of the Communications Act of 1934, as amended ("Act"). That Section requires the Commission to promote "...the development of new technologies, products and services for the benefit of the public...in rural areas" and "...[to ensure that] new and innovative technologies are readily accessible to the American people...by disseminating licenses among a wide variety of applicants."

Related statutory requirements under Section 309(j)(4)(C) of the Act require the Commission to promote equitable distribution of licenses and service among geographic areas, economic opportunity for a wide variety of applicants, and rapid deployment of new technologies and services.

Taken together these provisions establish both general and specific objectives for the Commission to structure spectrum auctions to enhance opportunities for new and innovative services in rural areas.

The foregoing statutory objectives benefitting rural areas are also reflected in the Commission's draft strategic plan, "A New FCC for the 21st Century," ("Plan") which states that the Commission shall:

> "Promote, through market-based approaches, the competitive deployment of advanced technologies in all areas of the country, particularly in rural areas. Examples of these services include high-speed Internet connections, wireless data technologies, and digital television." (Plan, p. 13).
>
> "Substantially improve penetration rates for both basic and advanced services to underserved and rural areas by revising our rules if necessary and promoting innovative uses of wireline, wireless, satellite, and other technologies in such areas." (Plan, p. 17).

As discussed here, adoption of the proposed use of MEA service areas, for at least half of the commercial spectrum in this proceeding, will also advance these important strategic objectives.

Equitable Distribution of Licenses and Services. TDS strongly supports preservation of at least some opportunity for MEA licensing in these proceedings as a viable alternative to REAs. The

adoption of an MEA definition of service areas as proposed here will preserve opportunities for a variety of advanced telecommunications services in rural areas without impairing realistic deployments of wide-area mobile telephony services. MEAs, unlike REAs, bear a reasonable relationship in terms of size and natural flow of commerce to the areas served by the incumbent wide-area cellular networks already deployed to serve rural areas. The populations of the MEAs comprising the contiguous U.S. range from approximately 1.2 million to more than 29 million including numerous MEAs in predominately rural areas so that incumbent providers in these areas most of whom are smaller companies will have opportunities to win spectrum resources at auction to expand or supplement wireless capabilities in the areas they already serve.

Preservation of Licensing Opportunities for Applicants Intending to Serve Rural Areas. REA licensing necessarily will restrict the number of applicants who potentially have the resources to win licenses and to construct and deploy wireless networks on such a scale. The result is that rural wireless providers who are not affiliated with AirTouch/Vodafone, AT&T, the RBOCs and GTE will be effectively deprived of the opportunity to win the spectrum resources which they will need to provide advanced services.

Based on 1999 population estimates, the largest wireless companies, including AirTouch/Vodafone, AT&T, the RBOCs, GTE, and their affiliates, do not hold cellular licenses in cellular rural service areas covering approximately 34 percent of the total cellular rural service area population. This means that adoption of REA service areas without any MEA service area alternatives effectively excludes both cellular licensees in these markets from winning in the 746-764 MHZ and 776-794 MHZ bands.

Cellular providers other than AirTouch/Vodafone, AT&T, the RBOCs, GTE and their affiliates also hold either A-side or B-side licenses in cellular rural service area markets covering an additional approximately 25 percent of total cellular rural service area population. In these markets smaller competitors against these huge companies have a potentially productive opportunity to spur competitive deployment of advanced technologies and services if they can win licenses in the 746-764 MHZ and 776-794 MHZ bands. This opportunity will be lost if through auction procedures employing REA licensing exclusively the financial threshold to win at auction is beyond the reach of these smaller companies. The Commission should also be concerned that in the event these smaller companies cannot obtain spectrum for advanced services, the resulting competitive disadvantage to small market and rural providers could actually result in diminished competition and innovation and therefore a reduction of public benefits.

The geographic scope of the cellular rural service areas served by companies other than AirTouch/Vodafone, AT&T, the RBOCs, GTE and their affiliates, is shown on the attached map

(Attachment C). A list of these companies whose combined service areas are shown on that map is also included here (Attachment D).

Need to Promote Rapid Deployment of New Technologies and Devices. MEA service areas also have significant advantages over REA areas in promoting rapid deployment of the advanced technologies and services contemplated in these proceedings.

MEA service area bidding opportunities would give incumbent licensees in cellular rural service area markets, particularly those markets where AirTouch/Vodafone, AT&T, the RBOCs, GTE and their affiliates do not have cellular licenses, the ability to deploy new technologies and services economically and rapidly as an overlay of their existing networks. These frequencies are a natural extension of current cellular spectrum in terms of propagation and other technical characteristics. In the event these licensees propose to use the new spectrum to expand their current cellular coverage, the Commission's buildout standards as they apply in MEA areas will tend to provide incentives for deployment of new services tailored to meet the unique needs of each MEA area.

The Commission also should consider the innovative service offerings which incumbent wireless providers in rural areas such as Western Wireless, USCC and numerous others have begun to offer, including wireless local loop. The Commission's Fourth Competition Report contains numerous references to the efforts of these companies.[4] In making spectrum available to spur technological advancements such as proposed in these proceedings, the Commission should be attempting to foster licensing opportunities so that companies who have already demonstrated willingness and ability to innovate have the spectrum resources to do so.

The Commission has ample statutory and other justification to adopt MEA service areas for at least half of the commercial spectrum in the 746-764 MHZ and 776-794 MHZ bands. Adoption of MEA service areas will benefit rural service by giving the smaller incumbent providers in these areas opportunities to win at auction the spectrum resources to expand or supplement wireless capabilities in the areas they already serve. TDS requests that the Commission support its rural service initiatives as proposed.

---

[4] Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 - Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, Fourth Report (FCC 99-136) released June 24, 1999, Appendix F.

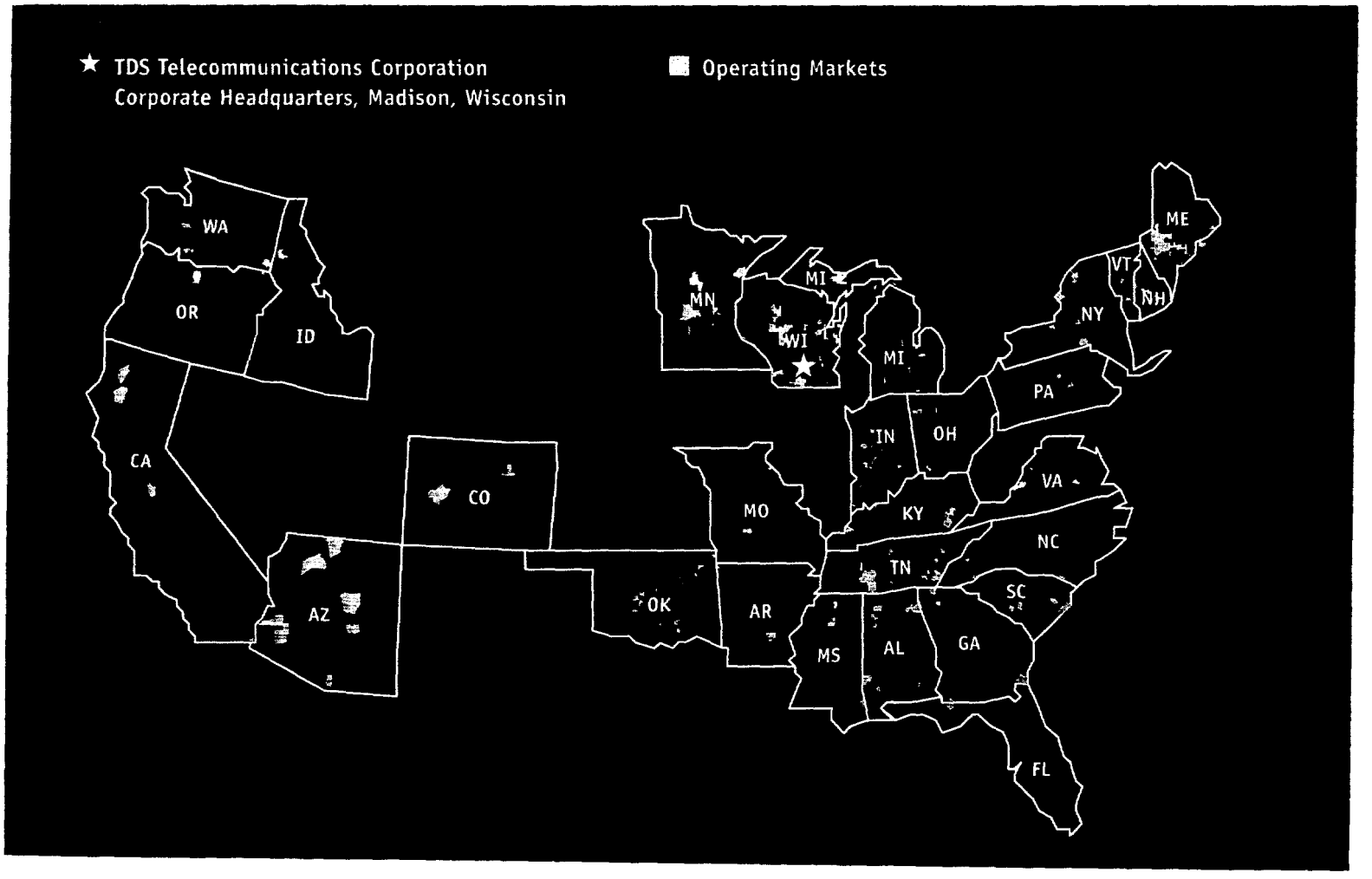
Very truly yours,

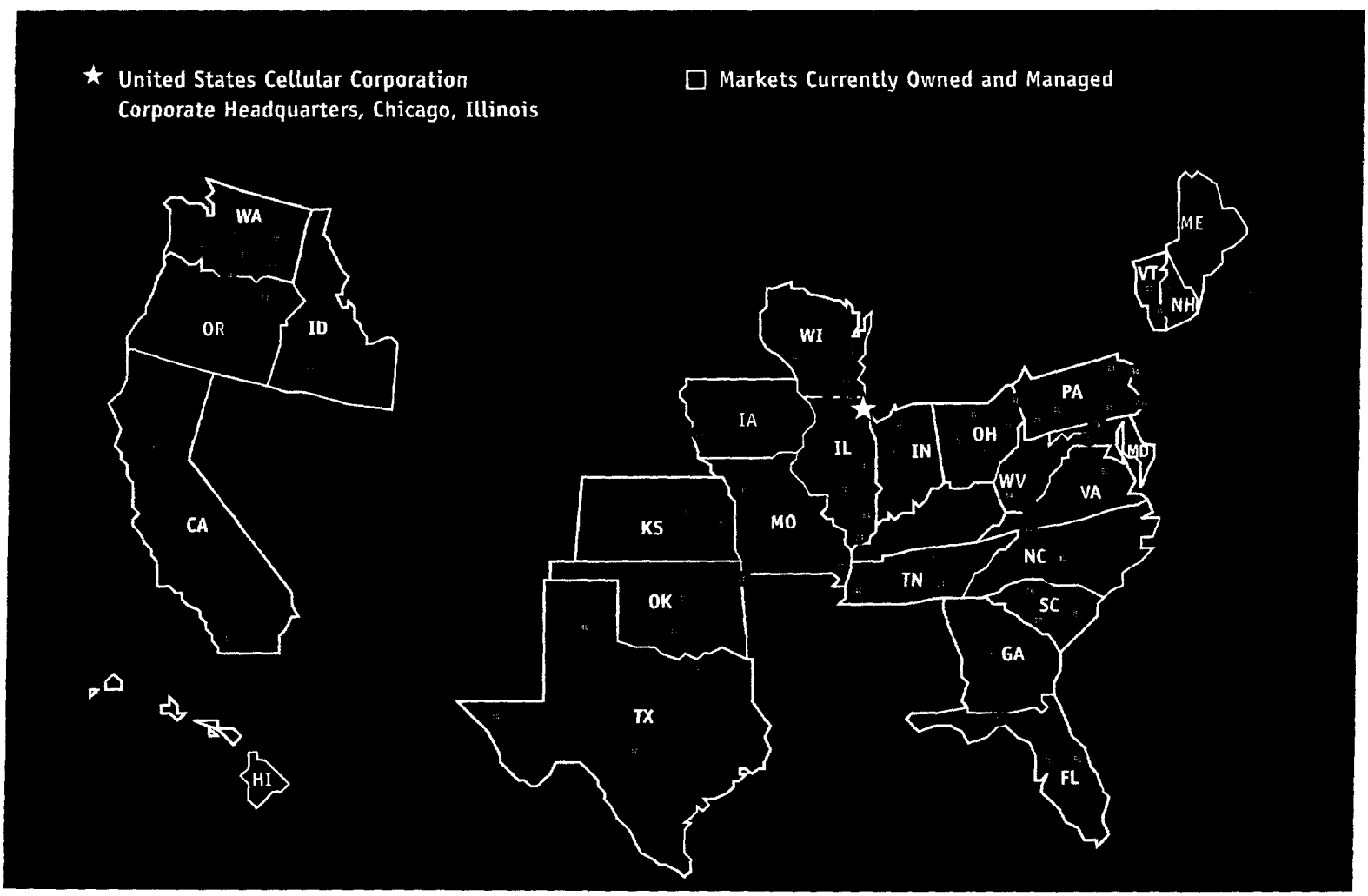
LeRoy T. Carlson, Jr.
President and Chief Executive Officer

cc(w/encl. by hand delivery):

Ari Fitzgerald	James Schlicting	Stanley Wiggins
Mark Schneider	Diane Cornell	Thomas Stanley
Peter Tenhula	Dale Hatfield	Julius Knapp
Brian Tramont	Robert Pepper	Michael Wilhelm
Adam Krinsky	Kathleen O'Brien Ham	
Thomas Sugrue	Gary Michaels	

Attachment A




★ United States Cellular Corporation
Corporate Headquarters, Chicago, Illinois
☐ Markets Currently Owned and Managed
WA
OR
ID
CA
HI
WI
IA
IL
IN
OH
PA
ME
VT
NH
MD
WV
VA
KS
MO
NC
TN
OK
SC
GA
TX
FL

Rural Cellular Providers - RSA Licensees

(excluding Air Touch/Vodafone, ATT, The RBOCs, GTE, and their affiliates)

ALASKA 3 CELL
ALEC ACQ
ALEE CELLULAR
ALFRED DIRICO
ALGREG
ALLTEL
AMARILLO CELL
ARTHUR ABBEY
ATLANTA-ATHENS
BLUEGRASS
BRANDENBURG TEL
BRAZOS CELL
BRISTOL BAY CEL
CEL-TEL COMM
CELL NETWORK
CELL. XL ASSOC.
CENTENNIAL CELL
CENTRAL TX CELL
CENTURY TEL
CFW CELLULAR
CHARITON VALLEY
CHARLES BRALEY
CHARLOTTE CELL
CHURCHILL TEL
CITIZEN
CITY FAIRBANKS
CORDOVA
CROSS TEL
DEKALB TEL-COOP
DOBSON CELL
DOUGLAS COMM
ELLERON
ENHANCED TEL
ENMR COOP TELE
ETEX
FARMERS TELCOOP
FIRST AMER COMM
FLORIDA CELL
FOX PAINE CAP
FUTUREWAVE PTNS
GREAT LAKES-IA
HICKORY TECH
HIGHLAND CELL
INLAND
JAYBAR CELLULAR
KUMRA, RAVEESH
LA WARD TEL
LARSEN CELLULAR
LEACO RURAL TEL
LOGAN TEL
LONE STAR CELL
LOUISIANA CELL
MATANUSKA-KENAI
MCII
MCNICK CELLULAR
MERCURY C&P
METACOMM PTNSHP
MIDMISSOURI TEL
MIDWEST WIRELES
MILLINGTON TEL
MINERICH
MJ CELLULAR
MN 10 PARTNRSHP
MOBILETEL
MOUNTAIN RURAL
N. NEW MEXICO
NEMONT COMM
NEW-ERA TELECOM
NORTHEAST TELCO
NSP L.C.
OGDEN TEL
OK TEL & TEL
OK WESTERN TEL
OLIVER GRACE
ONEONTA TELCO
PANHANDLE TEL
PEOPLES TEL
PINE TEL
POKA-LAMBRO TEL
PORTLAND CELL
POTOSI
PRICE COMM
PUBLIC SVS TEL
PUERTO RICO TEL
RAMCELL
RIGAS COMM
ROBERT BROZ
ROCK PORT TEL
RURAL CELL CORP
S. KHANNA
SACO RIVER CELL
SAGIR INC
SHENANDOAH TEL
SIERRA CELL
SISKIYOU COMM
SKYLINE TEL
SOUTH IL CELL
ST. CLOUD PTNS
STERLING CELL
TAYLOR TEL
TEXAS RSA 15 B2
THACKER-GRIGSBY
TRITON
TX 14 CELL CORP
UINTAH BASIN
UNION TELCO
USCC
WES-TEX TELECOM
WEST CEL
WESTERN WIRELES
WHI CELLULAR
WILKES TEL
WIRELESS ONE
WWC HOLDING
XIT TELCOM
YORKVILLE

Attachment A

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned into the ECFS system.

o Microfilm, microform, certain photographs or videotape.

o Other materials which, for one reason or another, could not be scanned into the ECFS system.

The actual document, page(s) or materials may be reviewed by contacting an Information Technician. Please note the applicable docket or rulemaking number, document type and any other relevant information about the document in order to ensure speedy retrieval by the Information Technician.

1 MAP